

Utility Glossary

Indiana Office of Utility Consumer Counselor

100 N. Senate Avenue, Room 501

Indianapolis, Indiana 46204-2215

Toll-free: 1-888-441-2494

Voice/TDD: (317) 232-2494

Fax: (317) 232-5923

Website: www.IN.gov/oucc

E-mail: uccinfo@oucc.state.in.us

711 Service: Allows a caller to be directly connected to the deaf and hearing impaired telephone relay service (TDD/TTY) simply by dialing 7-1-1.

911 Service: Allows a caller to be directly connected to a local fire or police dispatcher simply by dialing 9-1-1.

Access Line: The circuit connecting a telephone consumer to the company's central office.

Area Code: The three-digit code preceding a seven-digit telephone number. In the past, area codes represented unique geographic areas. However, with the implementation of "overlay" solutions to address the need for new phone numbers (see "Area Code Relief") a specific geographic area may now have more than one area code.

Area Code Relief: The practice of providing a new telephone area code to a territory in order to address the problem of not having enough available numbers. (See "Geographic Split," "Number Depletion," and "Overlay.")

Baseload: The minimum amount of a commodity (such as water or electric power) delivered or required at a steady rate over a given time period.

Billing Insert: Information sent by utilities to their customers on separate sheets of paper enclosed in monthly bills.

Capacity: The maximum amount of a commodity that a utility system can deliver.

Case-in-chief: A party's direct testimony before the IURC or a court.

Cause Number: The number assigned to a case by the IURC and used to track the case. Also called a docket number. Cause numbers typically contain 5 digits, but may include extensions in certain types of cases.

Cellular Telephone: Telephone service using radio signals through multiple transmitters in overlapping cells. Also known as "Commercial Mobile Radio Service" (CMRS) in regulatory and legal proceedings.

Central Office: A local exchange carrier switch where telephone lines interconnect.

Certificate of Public Convenience and Necessity (CPCN): Authorization from the IURC allowing a company to render public utility service in a given territory, or to construct a new power plant. (In power plant cases, this is commonly referred to as a Certificate of Need.)

Certificate of Territorial Authority (CTA): Authorization from the IURC allowing a company to render telecommunications, electric, gas or sewage disposal service, usually specifying a specific geographic area and other conditions of service.

Circuit: A wire or system of wires carrying electricity and/or telecommunications service.

Commodity Charge: The portion of a utility rate that varies with the quantity of natural gas, water or electricity used by a customer.

Competitive Local Exchange Carrier (CLEC): A new provider of local telephone service that competes with an Incumbent Local Exchange Carrier (ILEC). (See "Incumbent Local Exchange Carrier," "Telecommunications Act of 1996.")

Conference: Weekly public meeting of the IURC (usually on Wednesdays) at which the Commission votes on orders and other matters. This is the only setting in which rate changes may be approved.

Cost-Based Service: A pricing concept that attempts to assign utility costs and revenues with the various customer classes that cause those costs, and charge the different classes accordingly.

Cost of Service Study: A study of total costs incurred by a utility in providing service to its customers broken down by customer class & types of service. (Classes include residential, business and industrial consumers.) Cost of service studies are performed to determine if customer class or service base rates are cost-based, or if any customer class or service is subsidizing another class or service.

Cramming: The placing of charges on a consumer's utility bill for services that the consumer has not requested or used. Cramming, which most commonly involves telephone service, violates Indiana law, IURC rules and FCC rules.

Customer Charge: A fixed charge on a utility bill to cover the costs incurred by a utility in providing service regardless of whether the customer has used any commodity. (Costs of providing and maintaining service lines, wires, pipes, and poles; providing and reading a meter, printing a bill, etc.) Also known as a service charge, facilities charge or a meter charge.

Debt: The amount of money a utility has borrowed, usually through the issuance of debt securities such as bonds, debentures or promissory notes.

Demand: The amount of utility service that is needed by the various customer classes of a utility that has to be provided at any point in time through the utility's facilities. Examples: the electric power (in megawatts) that must be generated by the power plants of an electric utility to meet its customers' needs, the gas volumes that must be distributed through pipelines, or the telecommunications traffic that must be handled by a telephone utility's central office.

Depreciation: The recovery of capital used to construct or acquire utility assets. The amount of this expense is determined by the decline of the service value of utility assets over time due to wear, tear, deterioration or technological advances.

Deregulation: A term used to describe the process of moving to the use of market forces in place of government regulatory authority to ensure the fair and proper delivery & pricing of utility services. (See "Restructuring.")

Drop Wire: The wire connecting a telephone consumer's home or business to the utility's system.

Energy Policy Act of 1992: The federal law that, among other things, initiated the creation of the competitive wholesale power market.

Enhanced 911 Service: Automatically sends the name and address associated with the calling number directly to a 911 dispatcher in order to speed the response by appropriate police, fire or ambulance services.

Evidentiary Hearing: A public hearing before the IURC at which witnesses that have pre-filed written testimony are cross-examined by opposing counsel (and in some cases, by the Commission). Participation is typically limited to the formal parties to the proceeding.

Extended Area Service (EAS): A service that allows a telephone customer to expand his or her free (or flat rate) local calling area by paying a set monthly fee for a certain period of time. The precise areas and fees require IURC approval.

Extensions and Replacements (E & R): Improvements necessary to provide service to new customers (extensions) and replace older or defective utility plants (replacements).

Federal Communications Commission (FCC): The federal agency that regulates interstate communications, including telephone service.

Federal Energy Regulatory Commission (FERC): An independent agency within the United States Department of Energy that regulates the wholesale electric and natural gas industries on the interstate level.

Fixed Costs: Costs incurred by a utility in providing services that are constant, regardless of the amount of service provided.

Fuel Adjustment Clause (FAC): The periodic adjustment of retail electric rates to account for changes in fuel and other costs as specified by law. Typically occurs quarterly.

Gas Cost Adjustment (GCA): The periodic adjustment of retail natural gas rates to account for changes in the wholesale price of gas purchased by utilities. May occur monthly, quarterly or semi-annually.

Geographic Split: A form of telephone area code relief in which the existing area code territory is divided into two or more regions. One region keeps the pre-existing area code, while the other(s) will be assigned a new area code or codes. In this form of relief, consumers in the new area code territory are required to change their phone number(s) to reflect the new area code. This form of relief does not affect a consumer's seven-digit number (XXX-XXXX), local calling area, local rates or long distance rates.

Green Power: Electricity generated from solar, wind, geothermal and other environmentally friendly resources.

Grid: The system of wires designed to transport electricity from its source of generation to its source of consumption.

Incumbent Local Exchange Carrier (ILEC): A telephone utility that has traditionally provided local service as a regulated monopoly within an assigned geographic area, and that was providing local exchange service before implementation of the Telecommunications Act of 1996. (See "Competitive Local Exchange Carrier," "Telecommunications Act of 1996.")

Indiana Administrative Code (IAC): The body of law that contains administrative rules and regulations that have been promulgated by state agencies such as the IURC.

Indiana Code (IC): The body of laws of the State of Indiana. It contains the statutes that have been enacted into law by the Indiana General Assembly.

Indiana Office of Utility Consumer Counselor (OUCC): The state agency established to represent the interests of all Indiana utility consumers and the general public. The OUCC participates in all proceedings before the Indiana Utility Regulatory Commission and is also active in court and federal regulatory proceedings and in public policy matters.

Indiana Utility Regulatory Commission (IURC): The state agency that regulates most Indiana utilities. (Formerly the Public Service Commission of Indiana or PSCI.)

Inter-Exchange Carrier (IXC): A utility licensed by the IURC to provide long distance telephone service in the state of Indiana.

Jeopardy Situation: A situation in which the North American Numbering Plan Administrator (NANPA) has determined that the finite supply of phone numbers provided for under a particular area code is running out.

Kilowatt hour (kWh): The unit of measure for the amount of electricity a customer uses. The amount of electricity needed to run a normal 60-watt light bulb for 16 hours, 40 minutes.

Lifeline/Link-Up: Federal subsidy programs that assist low-income consumers with monthly local telephone bills and connection fees.

Load: The total demand for service on a utility system at any given time.

Local Access and Transport Area (LATA): A service territory within which a Regional Bell Operating Company (RBOC) may provide local and long-distance service. LATAs were created as a result of the court-ordered break-up of AT&T in 1984.

Local Exchange Carrier (LEC): A telephone utility providing local exchange service.

Local Loop: A wire connecting a telephone customer's property to the company's central office.

Meter: The device used to measure the amount of utility commodity used by a customer.

Natural Gas Policy Act of 1978 (NGPA): The federal law updating the Natural Gas Act of 1938 and deregulating the interstate natural gas industry.

North American Numbering Plan Administration (NANPA): The neutral, third party administrator assigned by the FCC to oversee the assignment of area codes and the distribution of blocks of telephone numbers to telecommunications providers. NANPA also works with the telecommunications industry to develop area code relief plans that are presented to state utility regulatory commissions for review and approval.

Number Depletion: A situation in which the finite supply of phone numbers available for distribution to telecommunications providers is diminishing. Number depletion has occurred rapidly in much of the United States in recent years, due to the proliferation of fax machines, pagers, cellular phones, the Internet and other factors.

Overlay: A form of area code relief in which a new area code is applied to an existing area code territory. In most cases, numbers for pre-existing telephones, pagers, fax machines, etc. keep the pre-existing area code, while the new area code is assigned to new numbers. This form of relief does not affect a consumer's local calling area, local rates or long distance rates, but does require the use of ten-digit dialing (area code + seven digit number) to make local calls.

Peak Demand: The maximum amount of gas, water, or electricity consumed by a utility's customers during a specific time period (such as a day, month or year).

PIC Freeze: A free service offered by a local phone company that helps to prevent the unauthorized switching of a consumer's presubscribed interexchange carrier (PIC) or long distance provider (see "Slamming"). A PIC Freeze requires the explicit approval of a consumer prior to changing the consumer's PIC. A PIC Freeze prevents a long distance company from ordering the local phone company to switch a consumer's service without the consumer's knowledge or consent.

Presubscribed Interexchange Carrier (PIC): The interexchange carrier (IXC) designated by a consumer to be his or her preferred long distance telephone service provider (i.e., the company that carries long distance calls made when dialing 1 + area code + number). A consumer may designate separate PICs for intra-LATA and inter-LATA toll calls if he or she chooses.

Public Field Hearing: A hearing, held in a utility's service territory, at which consumers can submit sworn oral or written comments directly to the IURC on the utility's proposal, service and any other relevant issue.

Rate Base: The total assets of a utility upon which it may earn a return.

Rate Class Subsidization: When one class of utility customers pays more than a utility's cost to serve it, while another class pays less than its cost of service. The result is that the overpaying class subsidizes the underpaying class.

Rate of Return: The percentage figure that is applied to the rate base to determine the net operating income that a utility is allowed to earn.

Regional Bell Operating Company (RBOC): A company, created as a result of the 1984 court-ordered breakup of AT&T, that acquired the assets of AT&T's local telephone service network in order to offer such service independently of AT&T's national long distance telephone service. Indiana Bell Telephone Company and its successive "parent" companies, Ameritech and SBC, are RBOCs.

Restructuring: A term used to describe the realignment of the utility industry to allow for more competition and less regulation. (See also "Deregulation.")

Return on Common Equity: Usually refers to the income that the Commission allows an investor-owned utility to make available to common stockholders after servicing existing debt and preferred stock. (Also called "authorized return on equity.")

Revenue Requirements: The amount of money a utility must collect to pay expenses and, where appropriate, provide a fair return to investors.

Settlement Agreement: An agreement reached by two or more parties to a proceeding that resolves some or all issues. Most public utility settlement agreements must be filed with and approved by the IURC.

Service Area (Territory): The geographic area that the IURC allows a utility to serve.

Slamming: The transfer of a consumer from one utility company (typically telephone service) to another without the consumer's knowledge or consent. Telephone slamming violates Indiana law, IURC rules and FCC rules.

Tariff: A document that a utility must file with the IURC, listing all services, rates and charges, along with applicable utility rules and regulations.

Telecommunications Act of 1996 (TA-96): The first comprehensive overhaul of Federal telecommunications law since 1934. Congress approved this law with the intent of promoting competition and reducing regulation, while reducing prices, increasing available service options, improving service quality and encouraging the use of new technologies. TA-96 covers nearly all aspects of the telecommunications industry, including efforts to create a competitive marketplace for local telephone service.

Telecommunications Device for the Deaf/Teletypewriter (TDD/TTY): Typewriter-like instruments and/or human operators that allow hearing- and speech-impaired consumers to use telephone service.

Therm: A measure of heat content of natural gas. One therm equals 100,000 British Thermal Units (Btu).

Wide Area Telecommunications Service (WATS): Toll-free numbers reached by dialing the 800, 888, 877 or 866 area codes.

Wireless Enhanced 911 Service: Automatically sends the name associated with the calling wireless phone number and the general location from which the wireless call is being made directly to a 911 dispatcher in order to speed the response by appropriate police, fire or ambulance services.